

## Message Text

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12

ACTION EB-07

INFO OCT-01 EA-07 ISO-00 AGR-05 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-01 FRB-03

OMB-01 L-03 DOTE-00 FMC-01 /046 W

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P 120941Z AUG 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 6449

C O N F I D E N T I A L MANILA 11153

E.O. 11652: GDS

TAGS: EAGR, RP

SUBJECT: COTTON CONTRACTS - SHIPPING PROBLEM

1. ON APRIL 30, 1973 CENTRAL BANK ISSUED MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 57 WHICH REQUIRED THAT ALL LETTERS OF CREDIT UNDER CCC PROGRAM CARRY CONDITION THAT COTTON BE SHIPPED ON PHILIPPINE FLAG VESSELS WHENEVER SUCH VESSELS ARE AVAILABLE AT PORT OF SHIPMENT. MEMORANDUM PROVIDES FOR WAIVER BY PHILIPPINE CONSUL IF PHILIPPINE FLAG VESSEL IS NOT AVAILABLE. FOR READY REFERENCE TEXT OF MEMORANDUM IS REPEATED VERBATIM BELOW. QUOTE EFFECTIVE IMMEDIATELY AND IN ACCORDANCE WITH THE PROVISIONS OF PHILIPPINE FOREIGN SERVICE CIRCULAR NO. 765, ALL LETTERS OF CREDIT COVERING IMPORTATIONS UNDER THE COMMODITY CREDIT CORPORATION (CCC) EXPORT CREDIT SALES PROGRAM SHALL CARRY THE CONDITION THAT THE COMMODITY INVOLVED BE SHIPPED ON PHILIPPINE FLAG VESSELS WHENEVER SUCH VESSELS ARE AVAILABLE AT THE PORT OF SHIPMENT. ALL SHIPMENTS WHICH ARE NOT LOADED ON PHILIPPINE FLAG VESSELS BY REASON OF NON-AVAILABILITY OF SAID VESSELS, SHOULD BE ACCOMPANIED BY CERTIFICATIONS TO THAT EFFECT, WHICH SHOULD BE ATTACHED, STAMPED OR PRINTED ON THE CONSULAR INVOICES, SAID CERTIFICATIONS TO BE DULY SIGNED AND ATTESTED TO BY THE PHILIPPINE CONSULATE AT THE PORT OF SHIPMENT.

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A PERIOD OF TEN DAYS PRIOR TO THE DATE OF SAILING

OF THE PHILIPPINE FLAG VESSEL MAY BE ALLOWED AS THE PERIOD WHICH MAY BE CONSIDERED IN DETERMINING WHETHER OR NOT A PHILIPPINE FLAG VESSEL IS AVAILABLE.

ACCORDINGLY, NO CONSULAR INVOICES COVERING SHIPMENTS UNDER THE CCC EXPORT CREDIT SALES PROGRAM SHALL BE CERTIFIED BY PHILIPPINE CONSULATES UNLESS THE FOREGOING REQUIREMENTS ARE COMPLIED WITH. (SGDM) G.S. LICAROS GOVERNOR END QUOTE

2. PROCEDURE FOR WAIVER OF PHILIPPINE REQUIREMENT THUS EXISTS AND APPEARS READILY AVAILABLE FOR RECOURSE BY U.S. SHIPPERS. WE DO NOT UNDERSTAND THEIR REPORTED READINESS TO CONSIDER OVERLAND SHIPPING EASTWARD TO GULF PORTS FOR LOADING ON PHILIPPINE SHIPS SAILING WESTWARD. MORE LIKELY, U.S. SHIPPERS MAY BE TEMPTED TO UTILIZE LAND BRIDGE THE OTHER WAY, THAT IS, SHIPPING OVERLAND TO CALIFORNIA FOR MARINE TRANSPORT ON NON-PHILIPPINE FLAG VESSEL.

3. IN ADDITION TO SHIPS LISTED REFTTEL, WE UNDERSTAND THERE ARE OTHER PHILIPPINE FLAG VESSELS CALLING GULF PORTS -- E.G., PRESIDENT QUIRINO AT NEW ORLEANS ON AUGUST 26 AND HOUSTON ON SEPTEMBER 3, AND PRESIDENT MAGSAYSAY ON OCTOBER 28 AND NOVEMBER 4 RESPECTIVELY. A FEW PHILIPPINE FLAG VESSELS REPORTEDLY ALSO CALL ON WEST COAST. IN ANY CASE, PHILIPPINE CONSUL IN LOS ANGELES, SAN FRANCISCO, AND NEW ORLEANS CAN CERTIFY TO NON-AVAILABILITY OF PHILIPPINE SHIPS. WE WOULD ASSUME NON-AVAILABILITY INCLUDES LACK OF SPACE ON PHILIPPINE SHIP.

4. WE DO NOT BELIEVE SITUATION AS DESCRIBED WARRANTS OUR GOING TO CENTRAL BANK SEEKING DELETION OF CONDITION ON LETTERS OF CREDIT WHEN THERE IS EXISTING PROCEDURE READY FOR RECOURSE IN CASE OF NON-AVAILABILITY OF PHILIPPINE SHIPS AND WHEN WE HAVE NO REPEAT NO HISTORY OF FAILURE OF THIS PROCEDURE TO WORK. TO DO SO COULD RE-OPEN THE WHOLE COTTON PROBLEM AND UNDERMINE AN ESSENTIALLY WORKING ARRANGEMENT. WE SUGGEST THAT DEPARTMENT MAY WISH TO CONFIDENTIAL

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CONSULT WITH THE PHILIPPINE EMBASSY SO THAT IT MAY BE AWARE OF THE PROBLEM, NOTING THE FLEXIBILITY STATED IN THE CB CIRCULAR AND THE NEED FOR THE CONSULS AT THE PORTS TO BE RESPONSIVE TO SMOOTH FLOW OF NORMAL TRADE. SULLIVAN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COTTON, CONTRACTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 AUG 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** izenbei0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Enclosure:** n/a  
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**Errors:** N/A  
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**Office:** ACTION EB  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 3  
**Previous Channel Indicators:** n/a  
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**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** izenbei0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 23 JUL 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <23 JUL 2003 by CunninFX>; APPROVED <20 NOV 2003 by izenbei0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** COTTON CONTRACTS - SHIPPING PROBLEM  
**TAGS:** EAGR, RP  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006